



TOWN OF DEERING
Deering Board of Selectmen
762 Deering Center Road
Deering, NH 03244

PROPERTY TAX COLLECTION INFORMATION

Under RSA 76:13, for annual billing, the taxpayer has until December 1, or 30 days after the bills are sent, whichever is later, to pay without any penalty. After that, interest accrues at 12%. Deering has adopted a semi-annual billing such that the first bill is mailed by June 15, and is due before July 1. The amount of this first billing is an estimate based on one-half of the prior year's taxes. This first bill is not subject to abatement request, but if it goes unpaid for 30 days, then interest accrues at the 12% rate.

TAX LIEN OR TAX SALE

The specifics of notices and other requirements for this procedure are set forth in RSA 80, however, there are some details that taxpayers should know about:

- *Lien:* All Town taxes- including property taxes, timber yield tax, current use tax, etc. – constitute a lien on the property being taxed, which is superior to all other liens, including mortgages. RSA 80:19
- *Execution:* This lien arises automatically upon assessment and expires by the next following October 1, a year and one-half after the assessment date, unless a tax lien execution or tax sale has been held.
- *Interest:* The interest rate increases to 18% per annum as of the time the tax lien is executed. RSA 80:69
- *Redemption:* The taxpayer has two years from the date of the tax lien execution to redeem the property by paying the taxes plus accumulated interest and cost. RSA 80:69. If the back taxes and costs are not paid in full, the tax collector shall give to the lien holder a deed to the property. RSA 80:76.

REFUSAL OF THE TAX DEED

The Town has the authority to conduct an environmental investigation of the property. RSA80:19-a. If the property is contaminated the Town can refuse to accept a tax deed. RSA 80:76. The governing body can also refuse a tax deed whenever ownership might expose the Town to undesirable liabilities or other obligation, for example, environmental cleanup cost, condominium fees or mobile home park rent. Whenever a tax deed is refused, the Town's lien, the taxpayer's right of redemption, and the accrual of interest, all continue indefinitely until the tax is collected by other means, which includes any remedy provided by law for the enforcement of other types of liens or attachment. This means the tax lien continues until either the taxes are paid, or the Town accepts the deed. If circumstances change, the governing body can always instruct the collector to issue the tax deed again, and then accept it.

WHAT HAPPENS WITH TAX DEEDED PROERTY?

There is a three-year period after a tax deed is recorded during which the former owner's have certain rights. This three-year period is in addition to the existing two-year tax lien redemption period.

- *Former owner's right of repurchase:* under RSA 80:89, at any time during the three-year period, any former owner can repurchase the property by paying back taxes, interest, costs and penalty. This includes all taxes, interest and costs owed on the date of the tax deed, plus all taxes and interest that would have accrued since then if the owner had kept the property, plus all the Town's legal fees, plus all the Town's incidental expenses relating to the property, such as for repairs, improvements or marketing, plus an additional penalty of 15% of the property's equalized assessed value. Former owners include owner, partial owner, or mortgagees, but not someone whose claim originated after the tax deed was recorded. If a former owner does exercise the right of repurchase, all liens and mortgages extinguished by the tax deed spring back into existence, at the same proportional interests they held on the date of the tax deed. If the Town wants to auction or convey the property during the three-year period, it must notify all former owners, giving them an advance opportunity to repurchase
- *Proceeds:* RSA 80:88 requires that any proceeds a Town receives over and above the back taxes, interest, cost and penalty must be paid back to the former owner if the Town sells the property to someone other than a former owner. If there is more that one former owner or lien holder, the Town files a bill of interpleader with the superior court, depositing the amount in court, and letting the court distribute it, based on interests at the time of the tax deed. The costs of this legal action are added to the amount the Town can keep out of the proceeds.
- *Town as owner:* the law makes clear that the right of repurchase, or to excess proceeds, is the only right retained by former owner. A Town can freely manage the property as its owner, including leasing or encumbering all or any portion of the property without any accountability or liability whatsoever to former owner. This law does not restrict the Town from making alternative agreements with a former owner as justice may require under RSA 80:80, VI.

EXAMPLE OF THE TIME IT TAKES TO COLLECT TAXES:

- **March 12, 2004:** Town meeting makes appropriations.
- **April 1, 2004:** Assessment date for taxes based on 2003 appropriations. Selectmen begin to make annual list.
- **September 1, 2004:** Last day for Town to submit reports to DRA for purposes of setting tax rate.
- **October 11, 2004:** After tax rate is set, tax warrant is then delivered to the tax collector.
- **November 10, 2004:** Thirty days after receiving warrant, tax bills are sent.
- **December 10, 2004:** Last day to pay taxes without interest.
- **March 1, 2005:** Last day for taxpayer to request abatement on 2004 taxes.
- **Spring 2005:** Tax lien execution occurs, if taxpayer has not paid in full
- **May 1, 2007:** If taxpayer has not paid owned amounts in full, then the Town, or the private purchaser, gets a tax deed for the entire property.